

**ANNUAL REPORT AND FINANCIAL STATEMENTS
2008-2009**

**SASKATCHEWAN SNOWMOBILE FUND
FOR THE FISCAL YEAR ENDING MARCH 31, 2009**



SASKATCHEWAN SNOWMOBILE ASSOCIATION INC.



July 17, 2009

The Honorable Dustin Duncan
Minister of Tourism, Parks, Culture and Sport
RM 345, Legislative Building
2405 Legislative Drive
Regina, Saskatchewan
S4S 0B3

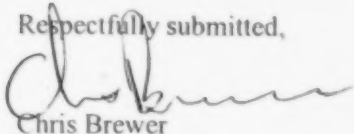
Dear Sir:

I have the honor to submit the Annual Report and Financial Statements of the Saskatchewan Snowmobile Fund for the fiscal year ended March 31, 2009, as per the agreement between the Government of Saskatchewan as represented by the Minister of Tourism, Parks, Culture and Sport and the Saskatchewan Snowmobile Association (see section 4.1c. of the agreement.)

Please table the attached Saskatchewan Snowmobile Trail Fund Annual Report and Financial Statements as required by section 20.7(8) of *The Snowmobile Act* in the Legislative Assembly.

I have attached 40 copies of the Annual Report and Financial Statement for you to submit to Finance by July 31, 2009.

Respectfully submitted,



Chris Brewer
President / CEO
Saskatchewan Snowmobile Association Inc.

CC Miguel Morrisette
Tourism, Parks, Culture and Sport
4th Floor, 1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 4H2

CC Victor Schwab, Principal
Provincial Auditor Saskatchewan
1500 Chateau Tower
1920 Broad Street
Regina, Sk S4P 3V7

INTRODUCTION:

The Saskatchewan Snowmobile Fund (Fund), also called the Trail Fund, was established under *The Snowmobile Act* (Act). The fund provides money for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails.

The legislative authority for the Fund and the specific provisions of the Fund are found in The Act and the Regulations thereunder.

Pursuant to The Act, the Minister appointed the Saskatchewan Snowmobile Association Inc. (SSA) to administer the Fund.

FUND PURPOSE

The Snowmobile Fund is administered by the Saskatchewan Snowmobile Association Inc. (Trail Fund Manager).

The Fund provides on-going funds required to operate and maintain safe snowmobile trails in Saskatchewan.

The Fund distributes monies to eligible clubs to maintain and groom snowmobile trails based on a formula agreed upon by all SSA member clubs.

During the 2008-2009 fiscal year, a total of 46 clubs received \$587,000 to maintain 8,165 km of trail.

COMPARATIVE FIGURES:

	2008-2009	2007-2008	2006-2007	2005-2006
# of Clubs Funded	46	43	45	49
Amount Paid to Clubs	587,000	590,000	348,440	264,855
# of KM maintained	8,165	8410.5	6,976	8,292
SGL Snowmobile Registrations	19,788	17,980	17,606	12,076

MANAGEMENT OF KEY RISKS:

Awareness

Snowmobiling continues to be on the rise in Saskatchewan. Dealers and Manufacturers are reporting a continued increase in sales. This can be attributed to several factors: snow, trails, economy and marketing.

Enforcement

This continues to be an issue with several factors not in control of the Trail Fund Manager. The RCMP reports that the main factor is training members on snowmobile enforcement. They have a code of conduct that is in the works for snowmobile enforcement but it is taking longer than anticipated. The past season we had one (1) snowmobile fatality with the cause to be alcohol. Alcohol and speed are the two leading causes of snowmobile accidents and fatalities.

Volunteer Burnout

This continues to be an issue for the member clubs that maintain trails. Clubs that are continuing to hire staff to complete the duties required to maintain the trail system. What is new to the clubs is the non-availability of workers. The shortage of skilled workers in the province is causing concern and will be monitored closely.

Business receives but does not contribute

In some areas of the province this issue is turning around. With increased usage and continued increase in economic benefits to the businesses, many are seeing the benefits of investing.

Old Grooming Equipment

This continues to face the snowmobile industry as its major issue. With underfunding for years, this has seen the fleet of equipment grow older and weaker and will not be able to keep the infrastructure maintained to quality that is acceptable to the public. The Federal Government has announced grant funding for trails in Canada. It is hoped that dollars allotted to the Saskatchewan for snowmobile trails will assist with equipment replacement.

Sign Theft

Again sign theft is on the rise. Clubs are reporting that large numbers of signs are receiving damage and removal. This has implications of liability. This is also a concern for accidents, injury and fatalities. Legislation is required for fines against individuals found guilty of infractions; as well, a reward program should be put into place for information leading to convictions.

Quality of Trails

Several issues are facing the quality of the snowmobile trail system. Lack of funding continues to be the leading cause of concern. This hampers the replacement of the equipment required to maintain the trails. The SSA is working closely with the Ministry of Tourism, Park, Culture and Sport (TPCS) to see issues with snowmobiling in Saskatchewan solved.

Climate Conditions

Record snow fell in the south and central parts and low to adequate snow in the parklands of the province. Dealers in all areas saw increased sales of new and used snowmobiles. The accommodations along the trails in the areas saw high traffic. Saskatchewan continues to receive very good snow for the snowmobile industry. ¹

Clubs and Club Fundraising

This is an important component of the snowmobile trail industry in Saskatchewan. With the lack of funding and volunteer burnout the clubs are seeing issues hosting fundraising events. We hope to see this issue solved prior to the 09/10 snowmobile season. The SSA is working closely with TPCS to solve this issue.

Third Party General Liability Insurance

Early indications are the policy cost should remain at this past season's rate. We are working with the broker to see the rate remain at last season or a reduction.

Management's Responsibility for Financial Statements

The Saskatchewan Snowmobile Association (Association) is responsible for establishing and maintaining a system of internal control, complying with authorities and maintaining the Saskatchewan Snowmobile Fund's (Fund) financial records and financial statements. The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

The Association's Board oversees management in the performance of its financial reporting duties.

The Provincial Auditor of Saskatchewan annually examines the Association's system of internal control, compliance with authorities and the Fund's financial statements. A copy of the Provincial Auditor's opinion on the financial statements is enclosed.



Chris Brewer
President / CEO
Saskatchewan Snowmobile Association Inc.
Regina Beach, Saskatchewan
July 17, 2009

SASKATCHEWAN SNOWMOBILE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2009



Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

1

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Snowmobile Fund as at March 31, 2009 and the statements of operations and accumulated surplus, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 28, 2009

Fred Wendel, CMA, CA
Provincial Auditor

**Saskatchewan Snowmobile Fund
STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

As at March 31

	<u>2009</u>	<u>2008</u>
FINANCIAL ASSETS		
Cash	\$ ---	\$ 3,370
Accounts receivable (Note 8)	20,520	11,400
Investments (Note 5)	742,598	697,102
GST receivable	<u>2,296</u>	<u>2,406</u>
	765,414	714,278
 LIABILITIES		
Bank indebtedness	\$ 1,131	\$ ---
Due to Saskatchewan Snowmobile Association	104,204	81,733
Accounts payable	<u>690</u>	<u>605</u>
	<u>106,025</u>	<u>82,338</u>
 Net Financial Assets	<u>659,389</u>	<u>631,940</u>
 NON FINANCIAL ASSETS		
Tangible capital assets (Note 3)	<u>\$ 1,474</u>	<u>\$ 2,249</u>
Accumulated Surplus (Statement 2)	<u>\$ 660,863</u>	<u>\$ 634,189</u>

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

STATEMENT 2

Year Ended March 31

	2009		2008
	Budget (Note 6)	Actual	Actual
REVENUES			
Transfer from General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport (Note 1)	\$ 640,000	\$ 791,520	\$ 720,660
Interest & other revenue	11,000	6,496	12,834
Total Revenues	651,000	798,016 ₁	733,494
EXPENSES			
Trail funding to clubs	451,000	587,000	590,000
Liability insurance	32,000	23,094	29,607
Administration (Note 7)	56,750	106,720	84,298
Travel and meetings	12,000	11,391	9,376
Marketing and promotion	22,000	20,116	13,409
Safety expenses	23,000	23,021	39,599
Total Expenses	596,750	771,342	766,289
Surplus (deficit) for the Year	\$ 54,250	26,674	(32,795)
Accumulated Surplus, beginning of year		634,189	666,984
Accumulated Surplus, end of year – to Statement 1		\$ 660,863	\$ 634,189

(See accompanying notes to the financial statements)

**Saskatchewan Snowmobile Fund
STATEMENT OF CASH FLOWS**

STATEMENT 3

Year Ended March 31

	<u>2009</u>	<u>2008</u>
Cash flows from (used in) operating activities:		
Receipts from General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport	\$ 782,400	\$ 724,321
Receipts of interest and other revenue	6,496	12,834
Payments to suppliers	(149,510)	(144,447)
Payments for travel and meetings	(11,391)	(9,376)
Payments to clubs for trail funding	<u>(587,000)</u>	<u>(590,000)</u>
	<u>40,995</u>	<u>(6,668)</u>
Cash flows from (used in) investing activities:		
Purchase of investments	(747,496)	(761,454)
Sale of investments	<u>702,000</u>	<u>769,000</u>
	<u>(45,496)</u>	<u>7,546</u>
Net (decrease) increase in cash	(4,501)	878
Cash, beginning of year	<u>3,370</u>	<u>2,492</u>
Cash, end of year	<u>\$ (1,131)</u>	<u>\$ 3,370</u>

SASKATCHEWAN SNOWMOBILE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009

1. Legislative authority

The Saskatchewan Snowmobile Fund (Fund) was established pursuant to section 20.7 of *The Snowmobile Act*. The Fund's purpose is to provide funding for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails. The Minister responsible for *The Snowmobile Act* appointed the Saskatchewan Snowmobile Association Inc. to administer the Fund as trail manager. The trail manager is responsible for establishing the trail funding allocation criteria for the distribution of the money in the Fund to the snowmobile clubs who maintain the trails.

Pursuant to an agreement with the Ministry of Tourism, Parks, Culture and Sport, the Ministry is committed to provide yearly grants to the Fund. The grant is determined on the number of snowmobile registrations in the province multiplied by the permit fee described in *The Snowmobile Regulations 1998*.

2. Significant accounting policies

Pursuant to standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, the Fund is classified as an other government organization. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to government entities. The following accounting principles are considered significant:

a) Tangible capital assets

Individual capital assets costing more than \$500 are capitalized. Amortization of these capital assets commences in the year of acquisition and is calculated on the straight-line basis over their useful lives as follows:

Furniture & equipment	5 years
Computer equipment	3 years

b) Investments

Investments are recorded at cost.

c) Trail funding to clubs

Trail funding to clubs is recorded as an expense when funding requests have been approved and the clubs have met the eligibility criteria.

d) Revenue

Transfer from the General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport is recognized based on the annual snowmobile registration fees collected by Saskatchewan Government Insurance and remitted to the General Revenue Fund.

e) Use of estimates

These statements are prepared in conformity with generally accepted accounting principles applicable to government entities as established by PSAB. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Tangible capital assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture & equipment	\$ 2,718	\$ 1,360	\$ 1,358	\$ 1,902
Computer equipment	3,491	3,375	116	347
	<u>\$ 6,209</u>	<u>\$ 4,735</u>	<u>\$ 1,474</u>	<u>\$ 2,249</u>

4. Financial instruments

The Fund's financial instruments include cash, bank indebtedness, accounts receivable, investments, accounts payable, GST receivable, and due to Saskatchewan Snowmobile Association. Information about the fair value of investments is disclosed in Note 5. The fair value of the other instruments approximates their carrying value due to their immediate or short-term nature. Credit risk from the potential non-payment of accounts receivable is minimal because the Fund's receivable is from the General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport.

5. Investments

The Fund holds units in the RBC Canadian T-Bill Fund, which invests in high quality, short-term debt securities such as treasury bills. The RBC Canadian T-bill Fund has no fixed interest rate and its returns are based on the success of the fund manager. The fair value of investments approximates their carrying value due to their short-term nature.

6. Budget

The budget was approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc.

7. Administration

The Saskatchewan Snowmobile Association Inc., a related party, incurs the accommodation, salaries, and some operating costs associated with administering the Fund. These costs are allocated to the Fund based on the time staff spends to administer the Fund. The Fund then pays Saskatchewan Snowmobile Association Inc. for these costs. The Fund also incurs certain operating costs directly. The costs allocated by the Saskatchewan Snowmobile Association Inc. and the direct costs of the Fund were as follows:

	2009			2008
	Allocated costs	Direct costs	Total	Total
Salaries	\$ 69,302	\$ ---	\$ 69,302	\$ 53,186
Postage	182	6,169	6,351	4,954
Rent	5,384	---	5,384	4,574
Telephone	4,230	---	4,230	3,975
Computer maintenance	1,204	50	1,254	1,146
Marketing	750	---	750	329
Trade shows	236	---	236	308
Professional services	901	---	901	968
Amortization	---	775	775	775
Office supplies	2,886	473	3,359	1,448
Printing	241	1,278	1,519	1,145
Office insurance	1,150	---	1,150	1,017
Bank charges	391	132	523	423
Membership dues	1,282	---	1,282	660
Board expenses	5,257	---	5,257	5,582
Staff training	369	---	369	396
Club expenses	3,093	---	3,093	1,093
Meeting expenses	507	---	507	431
Other	---	---	---	1,436
Staff travel	478	---	478	452
	<u>\$ 97,843</u>	<u>\$ 8,877</u>	<u>\$ 106,720</u>	<u>\$ 84,298</u>

8. Related parties

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. Accounts receivable includes \$20,520 (2008 - \$11,400) from the General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport. Expenses include \$4,230 (2008 - \$3,975) paid to related parties for certain services during the year.

In addition, the Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

PAYEE LIST FOR THE FISCAL YEAR 2008-2009

SUPPLIERS RECEIVING \$20,000.00 OR MORE

Saskatchewan Snowmobile Association

Third Party Liability Insurance	23,094.00
Administration & Wages	97,843.00

**TRAIL FUND PAYOUT BASED ON SNOWMOBILE REGISTRATIONS
RECEIVED IN THE 2007-2008 SNOWMOBILE SEASON**

TRAIL FUND PAYOUT

#	Club Name	Total Paid Aug. 2008
1	Archerwill Drift Riders	11,659.20
2	Battlefords Trail Breakers	21,782.23
3	Border Explorers Snowmobile Club	7,030.97
4	Broadview Snow Busters	450.00
5	Calling Lake Cruisers	23,633.52
6	Candle Lake Sno Drifters	26,809.27
7	Canwood Sno-Blazers	8,271.73
8	Chitek Lake Bush Buddies Inc.	10,290.43
9	Crossroads Sno-Diggers	450.00
10	Cupar Snowmobile Club	9,335.24
11	Elbow Lake Sno Drifters	2,816.33
12	Esker Bear Inc.	22,540.47
13	Estevan Snowmobile Club	450.00
14	Goodsoil Ridge Riders	4,451.92
15	Grenfell Snowdrifters	450.00
16	Hudson Bay Trail Riders	42,688.05
17	Kamsack Snow Drifters	11,511.49
18	Kelvington Trailblazers	31,905.25
19	Lakeland Snowmobile Club	23,190.39
20	Last Mountain Lake Drifters	15,509.16
21	Leoville Snow Drifters Inc.	8,192.95
22	Melfort & District Trail Riders	17,606.45
23	Mistatim Snow Packers	12,053.10
24	Moose Mountain Snowmobile Club	28,434.08
25	Naicam Snowblasters Inc	21,427.72
26	Northern Lights Snowmobile Assoc.	10,669.55
27	Pasquia Snow Goers	16,469.61
28	Pelly Sno Prowlers Inc.	2,708.01
29	Porcupine Trail Blasters Inc.	11,152.07
30	Prairie & Pine Sno Riders Inc.	15,992.02

31	Prairie Prowlers Inc.	2,511.06
32	Rhein Sno Cruzers	6,755.25
33	RoughRiders Snowmobile Club	19,438.57
34	Saskatoon Snowmobile Club	15,140.22
35	Showstoppers Snowmobile Club	10,497.22
36	Souris River Snowmobile Club	450.00
37	S.E. Sask Stubble Jumpers	450.00
38	Springside Snowmobile Club	2,274.73
39	Thickwood Trails Snowmobile Club	11,994.01
40	Timber Trails Sno Riders	13,220.00
41	Trakkers Snow Club	5,056.59
42	Tri-Valley Trails Inc.	12,890.12
43	Twin Lakes Trail Blazers	16,617.32
44	Weekes Bush Pushers Club Inc.	5,583.42
45	Whiteswan Snow Hawks	8,419.44
46	Yorkton Sno-Riders Club Inc.	36,316.84
TOTAL		587,000.00

CLUBS PAID IN AUGUST 2008

Note: Payout in August 2008 is from registrations received in the 2007-2008 Fiscal Year Ending March 31, 2008.